



MEMORANDUM

May 20, 2016

TO: Retirement Board

FROM: Gavin Cohen, Executive Secretary

SUBJECT: Minutes Approval

Recommendation

Staff recommends that the Board approve minutes from the meeting held on March 4, 2016.

Background and Discussion

The minutes once approved serve as the official record of proceedings of the Board meetings. This is an important aspect of the administration of the City's Pension Plans and Retiree Benefit Trust. Board Members can vote to approve the minutes even if they did not attend the specific meeting as represented in the minutes.

The minutes once approved are posted to the City's web site.

The draft minutes are circulated to Board members for their review and comment prior to the meeting. The attached minutes reflect changes suggested by Board members.

Attachment:

- Minutes from Board meeting March 4, 2016



**Board Meeting
March 4, 2016**

PRESENT: John Rodgers, Chairperson; Mark Pierzchala, Councilmember; Stan Seemann, Citizen Representative; Anita McCombs, AAME Representative; Sgt. Chris Peck, FOP Representative; and Derrick Pierson, Union Representative. Also in attendance were Gavin Cohen, Executive Secretary to the Board; Daisy Harley and Karen Marshall, Human Resources; as well as Ryen Sherman, Segal Rogerscasey, Inc.

ABSENT: Acting City Manager, Craig Simoneau

The meeting commenced at 9:00 a.m.

I. Approval of minutes November 13, 2015:

Ms. Harley requested that the last sentence in the first paragraph on the second page be changed from, "She said the information was very basic and presented slowly" to "She said that one of the employees comments were, the information was very basic and presented slowly".

Mr. Seemann made a motion to accept the minutes subject to the change requested by Ms. Harley. Mr. Pierson seconded it. All were in favor.

II. IRS Determination Letter:

Mr. Cohen stated that the City has requested a determination letter from the IRS regarding the Pension Plan. The determination letter makes sure the plan remains qualified per IRS regulations. He said this will be the last year that it has to be filed and the determination letter application was submitted on January 31, 2016 and the filing fee is \$2,500.00. It is a \$6,000.00 exercise including attorney fees. The Plan will continue to be qualified and will stay within IRS regulations.

III. RFP Process Thrift and Pension – Follow Up:

Mr. Cohen said the RFP soliciting administrative, record keeping and employee education and communication services for the 401(a) Thrift Plan and 457(b) Plan Bundled Deferred Compensation is posted on the City's website under Purchasing and Bids Posted. It is bid #22-16 if anyone wants to look at it. The final responses are due back April 8, 2016. The amount of responses will determine how long the process will take to make a decision and if there needs to be a separate meeting regarding the RFP. If there are not that many responses it could tie into the May Retirement Board meeting. If there are a lot of responses a separate meeting may need to be set up. Mr. Rodgers will be on the committee and will review and bring back information to the Board.

Mr. Sherman's flight was delayed so the Board moved to Item V

V. RFP for Pension Plan Actuaries:

Mr. Cohen presented this item. He said our current actuary, The Hay Group, was hired five years ago. The contract has expired with the ability to extend it up to another five years in one year increments. He also stated that an Experience Study is done every five years. The decision before the Board is whether the Board wants a new company to have a fresh look and do a new experience study or does the Board want Hay to do another Experience Study and extend one more year? Mr. Rodgers asked, whether under the



current contract will Hay do the Experience Study this year? Mr. Cohen said yes and said that he will request that Mr. Graby present it at the November meeting.

After discussion among the Board, the Board felt that the one year extension should be granted to The Hay Group and requested that the Experience Study be done as well. Mr. Seemann made a motion to extend The Hay Group's contract for one more year and to do the Experience Study. Mr. Pierson seconded it. All were in favor.

VI. Future Agendas:

- Pension Plan RFP
- Thrift Plan RFP
- Progress of One Year Extension of Actuarial Services and Experience Study

The meeting was temporarily adjourned at 9:30 a.m. and was reconvened at 10:00 a.m. by Mr. Rodgers. Mr. Sherman and Councilmember Pierzchala arrived at 10:00 a.m.

IV. Investment Performance Review Quarter End December 31, 2015:

Mr. Sherman from Segal Rogerscasey presented the three investment performance review reports. He started with the Pension Fund Report. The Pension Fund ended 2015 with a positive return of almost 1%, placing in the top quartile of the peer universe. Many plans ended the year in negative territory. The asset allocation changes implemented over the past couple of years have helped protect the fund during the recent market volatility. The asset allocation is in line with the guidelines as the assets were rebalanced in September with the City's annual contribution. The fund managers are performing in line with expectations. The fund had negative cash flow during the year due to some participants taking lump sum distributions at retirement.

Mr. Sherman presented the Thrift Plan Report next. The total assets ended the quarter at \$26.6 million. The Principal Preservation Fund is the most utilized investment option and accounts for 22.6% of assets. The utilization rate of Goal Maker increased to 45.4% and comprised 35.3% of total assets.

Mr. Sherman reviewed Segal Rogerscasey's S3 report, which scores the mutual funds based on both quantitative and qualitative factors. The majority of the investment options scored either A or B rating, which is above average. The T Rowe Price equity income strategy scored a C due to the fund's recent portfolio manager turnover and poor risk statistics. The overall fund line up will be re-evaluated if a new vendor is selected.

Mr. Sherman finished with the Retiree Benefit Trust Report. The fund returned 2.6% for the quarter, which is in line with the benchmark. Manning & Napier has maintained and overweight to equity, which has proved beneficial over the past few years. However, they underperformed over the last year due to their overweight to international stocks and the energy sector. They were also short duration on the bond side, which detracted from performance for the year. The fund returned 9.2% since inception.

Councilmember Pierzchala made a motion to adjourn. Sgt. Peck seconded it. All were in favor.

Meeting adjourned at 11:10 a.m.

THE NEXT MEETING IS MAY 20, 2016